

The Board of Supervisors of Maricopa County, Arizona convened in Informal Session at 9:00 a.m., September 20, 2004 in the Board of Supervisors' Conference Room, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Andrew Kunasek, Chairman, District 3; Fulton Brock, District 1; Don Stapley, District 2, and Mary Rose Wilcox, District 5. Absent: Max W. Wilson, District 4. Also present: Fran McCarroll, Clerk of the Board; Monica Farine, Minutes Coordinator; David Smith, County Administrator; and Paul Golab, Deputy County Attorney. Votes of the Members will be recorded as follows: (aye-no-absent-abstain).

IGA DISCUSSION BEWEEN MARICOPA & SPECIAL HEALTH CARE DISTRICT

Item: Discussion regarding the intergovernmental agreement between Maricopa County and the Special Health Care District of Maricopa County. (ADM2100-005) (ADM4496)

Tom Manos, Chief Financial Office, Transition Team Leader

Sandi Wilson, Deputy County Administrator

Chris Keller, Chief Counsel, County Counsel Division

Bill Sims, Outside Counsel

Jack Hess, FRG, Project Manager

Ted Shaw, FRG, CEO, Maricopa Integrated Health System

Tom Manos, Chief Financial Officer, Transition Team Leader said the District was created to save the health care system in Maricopa County. The Intergovernmental Agreement (IGA) between Maricopa County and the Special Health Care District

- Is consistent with the guiding principles the Board of Supervisors adopted in November;
- Incorporates suggestions received at public forums held at Maricopa County Integrated Health Systems (MIHS)
- Contains fair pricing arrangements between the district and county set for one year so that while providing service to one another, neither would make money from each other;
- Indicates the county will cease to be the middleman between the Health Care District and the Department of Corrections;
- States the county will be held harmless by MIHS;
- Recognizes the state legislature's intent to keep the disproportionate share (DSH) mechanism intact; and
- Outlines when various liabilities transfer from county to district responsibilities.

At the Board's direction, specific individuals were assigned to protect the interests of the district. Jack Hess, FRG Project Manager attended all meetings with John Bain, Counsel from the Law Firm of Polk, Wright and Jaworski. Mr. Bain brought his expertise and knowledge of interaction with the Federal Government to the group.

The legislature placed the Board of Supervisors as the Board of Directors of the Special Health Care District. In this vote on the IGA various operating policies will be approved for the District including merit system rules and procurement codes with a targeted effective date of January 1, 2005. After that date, the new district will be fully operational and can amend certain policies as deemed necessary.

The county will buy 5 million dollars in services from the new district annually via correctional health and it will pay 100 percent AHCCCS reimbursement rates for these services. If the district should demonstrate it is losing money at that rate, the agreement may be renegotiated.

Mr. Hess indicated there was concern over this 20-year commitment and the ability to protect the district if AHCCCS changes their method of payment. However, he acknowledged that triggers are in place for recovery. The new district has working capital when it begins; and as the county has investment there, they will work with FRG Management Associates to continue meeting their obligations until the tax money is received.

An appraiser has been hired to perform an audit regarding health system assets for 2003-2004. Further reviews are being done regarding insurance coverage. The self-insurance trust fund of the county can provide insurance coverage and will suffice for one or more years. It is doubtful the new district can go its own way for a couple of years as new insurance would probably be very expensive and require a high deductible.

The draft of the IGA includes a provision that states no abortion shall be performed at any facility under the jurisdiction of the district unless such abortion is necessary to save the life of the woman having the abortion or is otherwise required by law. This codifies the policy in a way that mirrors existing law.

Discussion ensued as to real property and its conveyance. Personal property will be transferred at no cost as long as there is no DSH triggering event and a complete inventory will be turned over to the new district. Assets greater than \$5,000 will be individually listed.

Bill Sims, outside counsel, said the legislation that authorized creation of the district actually memorialized federally permitted intergovernmental transfers. It requires that DSH funds, (the disproportionate share program) and Medicaid funds for the district must be transferred through the county to fulfill local match requirements. Ultimately, only a small amount stays with the district for hospital services.

Mr. Sims indicated a DSH triggering event only occurs if that transfer mechanism is disrupted and explained four critical components.

1. The program must be in existence and must generate DSH funds to the District;
2. The district must receive funds;
3. The funds do not transfer over to the county to pay it back for the amount the state took; and
4. The district does not pay from another source of funds.

Separate secure accounts will be set up with the County Treasurer to deal with transfers and payments.

Supervisor Stapley indicated his desire to meet with any of the candidates for the new district.

EXECUTIVE SESSION CALLED

Pursuant to A.R.S. 38-431.03, Motion was made by Supervisor Stapley, seconded by Supervisor Brock, and unanimously carried (4-0-1) to recess and reconvene in Executive Session in the Tom Sullivan Conference Room to consider items listed on the Executive Agenda dated September 20, 2004 as follows:

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION -- ARS §38-431.03(A)(3) AND (A)(4)

1. **Compromise Cases** – Barbara Caldwell, Outside Counsel

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**INFORMAL SESSION
September 20, 2004**

Nora Amaro
Antonio Flores
Donald Johnston
Chamika Lopez
Angel Rodriquez Nunez
Cynthia Vargas

Jorge Castillo
Jabriel Goodwin
Joe Key
Andrew McDermott
Caryssa Rider

Christopher Davis
Mary Gregg
Greg Livingston
Ray McKinley
Adrian Romero

2. Write-Off Cases – Barbara Caldwell, Outside Counsel

Vjolca Faja
Christine Arnold
Laverne L. Hermanson
Matthew Lunsford

Keshon Johnson
Jose Martinez
Esther Caloca
MCSO costs per list

Eileen E. Nance
Warren Johnson
Daniel Tipton

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION; – ARS §38-431.03(A)(3) and (A)(4)

3. Recommendation for civil enforcement action within the Travel Reduction Program, against Hooters Phoenix, Inc.

Lori Pacini, Manager, Travel Reduction Program
Brad Hartsock, Plan Review & Monitoring Supervisor, Travel Reduction Program
Bruce P. White, Deputy County Attorney, Division of County Counsel

LEGAL ADVICE; CONTRACTS SUBJECT TO NEGOTIATION; SETTLEMENT DISCUSSIONS CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION – ARS §38-431.03(A)(3) and (A)(4)

4. Legal advice and discussion concerning settlement agreement between Chief Operating Officer, Maricopa Intergrated Health Systems and Maricopa County.

Elizabeth Yaquinto, Deputy County Attorney
Ted Shaw, CEO, Maricopa Integrated Health Systems

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION; CONTRACTS SUBJECT TO NEGOTIATION; – ARS §38-431.03(A)(3) and (A)(4)

5. AHCCCS' Proposed Agreement Number YH04-0022-10

Christopher Keller, Chief Counsel, Division of County Counsel
Tim Casey, Snell and Wilmer
Tom Manos, Chief Financial Officer, Transition Team Leader

MEETING ADJOURNED

After discussion on the above-matters and there being no further business to come before the Board, the meeting was adjourned.

ATTEST:

Andrew Kunasek, Chairman of the Board

Fran McCarroll, Clerk of the Board